

# MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

**Modification No. 1  
to the  
Heritage Park (formerly Hollman)  
Housing Transition Tax Increment  
Finance Plan**

**April 18, 2003**

Prepared by MCDA Project Planning and Finance Department  
105 5th Avenue South, Minneapolis, Minnesota 55401

**Modification No. 1 to the Heritage Park (formerly Hollman) Housing  
Transition Tax Increment Finance Plan  
April 18, 2003**

***Introduction***

- (1) General Description of Plans for Development ~ *Text Added*
- (2) Description of Parcels to be Included in District ~ *Text Added*
- (3) Most Recent Net Tax Capacity of Parcels included in District ~ *No Changes*
- (4) Budget Containing Estimated Tax Increment Collections  
and Expenditures ~ *Text Changed*
- (5) Estimates of the Sources of Revenue ~ *No Changes*
- (6) Statements of the Alternate Estimated Impacts of the District ~ *No Changes*
- (7) Development Activity for Which Contracts have been Signed ~ *Text Added*
- (8) Description of Financing ~ *No Changes*
- (9) Duration of District ~ *No Changes*
- (10) Fiscal Disparities Election ~ *No Changes*
- (11) Original Tax Capacity Rate ~ *No Changes*
- (12) LGA/HACA Penalty Exemption ~ *No Changes*

**Exhibits**

Exhibit A.....Boundary Map

# **Modification No. 1 to the Heritage Park (formerly Hollman) Housing Transition Tax Increment Finance**

## **Plan**

**April 18, 2003**

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The Hollman Housing Transition Tax Increment Financing District (the TIF District) was established pursuant to the Laws of Minnesota 1997, Chapter 231, Article 10, Sections 17-20 (the "Housing Transition Act"). The City Council of the City of Minneapolis approved the Tax Increment Finance Plan on June 22, 2001 by resolution 01R-251. Minnesota Statutes 469.174 to 469.179 (the "TIF Act") only applies to the TIF District pursuant to sections 17 through 19 of the Housing Transition Act.

The purpose of this Modification is to (1) document a name change from Hollman Housing Transition Tax Increment Finance Plan to the Heritage Park Housing Transition Tax Increment Finance Plan (the name change is being made to reflect the new name of the housing development), (2) make slight adjustments to the TIF budget and bonded indebtedness amount, and (3) correct an administrative error in the preparation of the original TIF Plan (see Description of Parcels to be Included in the District).

### **(1) General Description of the Plans for Development of the District**

The Heritage Park Project will result in 900 new housing units replacing the former Sumner, Olson, Glenwood, and Lyndale family public housing developments. The redevelopment is generally bounded by I-94 on east, Glenwood Ave. on the south, Girard Ave. N on the west, and 7<sup>th</sup> Street N. on the north.

The Heritage Park Project will be implemented in four phases, with the first two phases located on the north side of Olson Memorial Highway and the third and fourth phases on the south side of Olson. Phase 1 construction activity is currently underway.

Of the nine-hundred (900) new housing units that are envisioned to be constructed between 2001 and 2009, 440 will be rental units and approximately 360 units will provide homeownership opportunities. The housing units will be built for families of a variety of incomes. Of the 440 total rental units, 200 units will be public family housing (for families at or below 30% of area median income) and 90 units will be constructed using tax-credit financing (for families at or below 50% of area median income). The remaining 150 units will be offered at market-rate rent levels. McCormack

Baron & Associates of St. Louis is the master developer for the rental project and is partnered with the local firm of Legacy Management and Development Corporation. Entities created by and/or affiliated with McCormack Baron & Associates will construct, own and manage the rental units.

Of the approximately 360 ownership units, 110 will be affordable to families with incomes less than 80% of area median income. An additional 100 units will be built for elderly public housing residents.

## **(2) Description of the Parcels to be Included in the District**

The original TIF plan contained a map of the boundaries of the Heritage Park (formerly Hollman) Housing Transition District. This original map is attached as Exhibit A and clearly illustrates the properties that were intended to be included and excluded from the district. The original TIF plan also specifically listed PID #, address, and owner of each of the properties.

Due to an administrative error in the preparation of the original TIF plan, a number of properties were inadvertently omitted from these two lists. This Modification lists the properties that were inadvertently omitted. The inclusion of these properties in the original lists makes the lists consistent with the original boundary map. Inclusion of these PID #'s does not add or delete any property from the district as originally intended and illustrated.

Properties which are included in the district (per the boundary map), but which were inadvertently omitted in the original TIF plan are listed below.

<u>PIN No.</u>	<u>Address</u>	<u>Owner</u>
21-029-24-14-0047	631 Bryant*	MPHA
21-029-24-41-0019	501 Lyndale	MPHA
21-029-24-42-0006	1024 5 <sup>th</sup> Ave N.	MPHA
21-029-24-41-0007	421 Aldrich Ave. N.	MPHA
21-029-24-41-0008	800 4 <sup>th</sup> Ave. N.	MPHA
21-029-24-41-0009	430 Bryant Ave. N.	Minneapolis Area Service Corp.
21-029-24-41-0014	900 4 <sup>th</sup> Ave. N.	MPHA
21-029-24-42-0007	1101 5 <sup>th</sup> Ave. N.	MPHA
21-029-24-42-0016	1201 4 <sup>th</sup> Ave. N.	MPHA
21-029-24-42-0002	1001 4 <sup>th</sup> Ave. N.	MPHA
21-029-24-41-0016	929 4 <sup>th</sup> Ave. N.	MPHA
21-029-24-42-0004	300 Fremont Ave. N.	Glendale 7th Day Advent Church
21-029-24-43-0073	1138 Glenwood Ave. N.	Lake Region Conf Assoc of S/D/A/Glendale
*multiple addresses		

Properties which are excluded from the district (per the boundary map), but which were inadvertently omitted in the excluded section of the original TIF plan are listed below.

<u>PIN No.</u>	<u>Address</u>	<u>Owner</u>
21-029-24-42-0015	1230 Glenwood Ave. N.	Glenwood Management & An.
21-029-24-42-0014	1220 Glenwood Ave. N.	Alfred J. Berreau
21-029-24-42-0013	1210 Glenwood Ave. N.	Data Prop/Mn General Partnrship
21-029-24-42-0019	301 Fremont Ave. N.	L. Florian/T. Gallagher
21-029-24-42-0003	1128 Glenwood Ave. N.	R. Weiser Trustee
21-029-24-43-0072	1118 Glenwood Ave. N.	R. Weiser Trustee
21-029-24-43-0077	275 Dupont Ave. N.	MN Bearing Co.
21-029-24-43-0006	1100-04 Glenwood	MN Bearing Co.
21-029-24-41-0002	1004 Glenwood	A. H. Bennett Co.
21-029-24-41-0003	900 Glenwood	A. H. Bennett Co.
21-029-24-41-0012	320 Bryant Ave. N.	Herbert Marks
21-029-24-41-0011	300 Bryant Ave. N.	D.E. & B Rahallo, Trustee
21-029-24-41-0010	800 3 <sup>rd</sup> Ave. N.	Herbert Marks
21-029-24-44-0045	810 Glenwood	Market Sq West/Intl Mkt Sq
21-029-24-44-0044	746 Glenwood	Market Sq West/Intl Mkt Sq
21-029-24-44-0043	275 Market St	Market Sq West/Intl Mkt Sq
21-029-24-44-0042	700 Glenwood	Mkt Sq East/Intl Mkt Sq
21-029-24-41-0021	301 Lyndale	Mkt Sq East/Intl Mkt Sq

**(3) The Most Recent Net Tax Capacity of Each Parcel Included in the District ~ *No Changes***

**(4) Budget Containing Estimated Tax Increment Collections and Expenditures ~ *Text Changed***

Up-front project costs of the district, which will be paid for with tax increment collections from the district, may not exceed \$12,000,000. It is currently anticipated that such costs will be funded by City-issued tax increment bonds. As tax increment is collected from the district over time, such collections will be used to repay bond principal and interest, and pay administrative costs of the district.

A tax increment budget for the district is shown below. This budget represents only a portion of the overall project budget for the Heritage Park project. The overall development budget contains many other sources and uses of funds that were illustrated in Exhibit C to the original TIF plan, and has continued to change and evolve since that time.

### **Tax Increment Budget**

		<u>Up Front</u>	<u>Over Time</u>
<u>Sources</u>			
	Par Amount of Bonds	\$12,000,000	---
	Tax Increment	---	\$23,500,000
	Capitalized Interest	---	<u>2,500,000</u>
Total Sources		\$12,000,000	\$26,000,000
<u>Uses</u>			
	Land Acquisition, Relocation, Demolition, Pollution Remediation, Site Improvements, Public Improvements, Other Eligible Costs	\$9,250,000	---
	Capitalized Interest	2,500,000	---
	Costs of Issuance/Discount	250,000	---
	Bond Principal Payments	---	12,000,000
	Bond Interest Payments	---	9,300,000
	Administration	---	4,700,000
Total Uses		\$12,000,000	\$26,000,000

- (5) Estimates of the Sources of Revenue ~ *No Changes***
- (6) Statements of the Alternate Estimated Impacts of the District ~ *No Changes***
- (7) Development Activity for Which Contracts Have Been Signed**

As of the date of the preparation of this Modification, the Minneapolis Community Development Agency, the City and the MPHA have entered into a Master Development Agreement with McCormack Baron & Associates (the "Developer"), and development agreements for the Phase 1 and Phase 2 rental components of the project. The City and MCDA have also entered into Joint Powers Agreements for Phases 1 and 2 with MPHA and the City and MPHA executed a Cooperation Agreement for each phase as well.

At the financial and real estate closings for each rental phase, the MPHA has entered or will enter into a Ground Lease, Regulatory and Operating Agreement and related agreements with the limited partnership formed by the Developer to own and operate the improvements for at least 61 years. The land will continually be owned by MPHA.

Affected neighborhoods are in the process of a 45-day review period of housing proposals for Heritage Park. Ownership housing construction is expected to start this year and finish by 2009.

- (8) Description of Financing ~ *No Changes***
- (9) Duration of District ~ *No Changes***
- (10) Fiscal Disparities Election ~ *No Changes***
- (11) Original Tax Capacity Rate ~ *No Changes***
- (12) LGA/HACA Penalty Exemption ~ *No Changes***